

Message Text

UNCLASSIFIED

PAGE 01 BRUSSE 06875 01 OF 02 081030Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 /067 W
-----057958 081037Z /11

R 081020Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5922
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 1 OF 2 BRUSSELS 06875

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: EC COUNCIL OF AGRICULTURAL MINISTERS
1978/79 PRICE-FIXING REVIEW, APRIL 4-5, 1978

REFS: (A) EC A-10, (B) EC A-111; (C) BRUSSELS 3829
(D) EC A-13; (E) BRUSSELS 4693; (F) EC A-42
(S) EC A-21

1. SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS HELD ITS PRELIMINARY SESSION OF THE 1/79 PRICE FIXING MARATHON ON APRIL 4-5, 15 IN LUXEMBOURG. THE COUNCIL APPROVED PRODUCER SUBSIDIES FOR HOPS FOR THE 1977 HARVEST, REACHED AGREEMENT ON THE CYPRUS POTATO ISSUE (SEPTOL), HELD A TOUR DE TABLE ON THE 1978/79 PRICE PACKAGE, BRIEFLY DISCUSSED THE MEDITERRANEAN REFORM MEASURES, THE U.K. MILK MARKETING BOARD, AGRI-MONETARY MATTERS AND SEVERAL OTHER ISSUES AS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 06875 01 OF 02 081030Z

HIGHLIGHTED BELOW. THE NEXT COUNCIL MEETING IS SCHEDULED FOR APRIL 24/26, WITH THE FIRST DAY BEING DEVOTED TO FISHERIES. END SUMMARY.

2. UPON ARRIVING AT THE MEETING HALL FOR THE PRELIMINARY SESSION OF THE 1978/79 PRICE-FIXING MARATHON, THE EC AGRICULTURAL MINISTERS WERE GREETED BY A MOB OF SOME 400 BELGIAN

FARMERS DEMANDING A PRICE INCREASE HIGHER THAN THE 2 PERCENT PROPOSED BY THE COMMISSION. THE PRESIDENT AND REPRESENTATIVES OF COPA, WHO WERE ALSO ON HAND, MET WITH COUNCIL PRESIDENT DALSAGER AND REITERATED THEIR REQUEST FOR A 5 PERCENT INCREASE IN AGRICULTURAL PRICES AND FOR THE COUNCIL TO MAKE AN EFFORT TOTAKE A DECISION ON THE PRICE PACKAGE DURING APRIL. NONETHELESS, IT IS WIDELY BELIEVED THAT FINAL DECISIONS WOULD NOT BE TEN UNTIL MAY.

3. 1978/79 PRICE PACKAGE: DURING A TOUR DE TABLE OF THE PROPOSED TWO PERCENT PRICE INCREASE IN AGRICULTURAL PRICES (REF. A), THE MINISTERS MAINTAINED THEIR PREVIOUS POSITIONS. BELGIAN MINISTER HUMBLET OPENED THE DISCUSSION ADMANTLY OPPOSING SUCH A LOW INCREASE AND SAID THAT HIS AGREEMENT ON THE PROPOSAL WOULD BE CONDITIONAL UPON SOME SPECIAL MEASURES (E.G., DEFICIENCY PAYMENTS, TAX RELIEF) BEING GRANTED TO BELGIAN FARMERS AT COMMUNITY EXPENSE. HOLLAND, LUXEMBOURG AND IRELAND ALSO CALLED FOR HIGHER PRICES. GERMAN MINISTER ERTL, STRESSING THE ECONOMIC GAP BETWEEN THE MEMBER STATES, PREFERS A 2-5 PERCENT INCREASE. U.K. MINISTER SILKIN LINKS HIS APPROVAL TO A PRICE FREEZE ON STRUCTURAL SURPLUS COMMODITIES, CONTINUATION OF THE BUTTER SUBSIDY AND THE OPERATION OF U.K. MILK MARKETING BOARD. DANISH MINISTER DALSAGER APPROVES THE COMMISSION PROPOSAL, WHILE FRANCE AND PARTICULARLY ITALY TEND TO LINK APPROVAL OF THE PRICE PACKAGE WITH THAT OF THE MEDITERRANEAN REFORM MEASURES. COMMISSIONER UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 06875 01 OF 02 081030Z

GUNDELACH HELD FIRMLY TO HIS PROPOSAL, POINTING OUT THAT REAL AGRICULTURAL INCOMES OVER THE PAST 10 YEARS INCREASED BY 40 PERCENT COMPARED TO 34 PERCENT IN OTHER SECTORS. A BREAKDOWN OF DISCUSSION OF MAJOR COMMODITIES FOLLOWS.

A. MILK AND DAIRY PRODUCTS: ALL MINISTERS, EXCEPT THE DANISH AND U.K. MINISTERS, GENERALLY FAVORED PROPOSED PRICE INCREASES FOR DAIRY PRODUCTS. DENMARK FAVORED THE PROPOSAL TO ELIMINATE INTERVENTION OF NFD, WITH FRANCE AND ITALY OPPOSING THIS MEASURE, WHILE OTHER MEMBER STATES REMAINED NEUTRAL OR VOICED NO OPINION. BELGIUM ATTACKED THE U.K. BUTTER SUBSIDY, WHILE U.K. MINISTER SILKIN (SUPPORTED BY DENMARK AND IRELAND) REQUESTED IT BE CONTINUED. COMMISSIONER GUNDELACH ANNOUNCED THAT 50 MILLION U.A. HAD BEEN MADE AVAILABLE FOR A NEW BUTTER SUBSIDY SCHEME FOR WHICH HE WOULD DRAW UP A PROPOSAL FOR CONSIDERATION AT THE NEXT COUNCIL MEETING ON APRIL 24-26.

B. BEEF AND VEAL: LUXEMBOURG, BELGIUM AND IRELAND REGARD THE PROPOSED PRICES FOR BEEF AND VEAL AS INADEQUATE. THE OTHER MEMBER STATES STRESSED THAT PRICES FOR THIS COMMODITY SHOULD BE TREATED CAUTIOUSLY. ALL MINISTERS FAVOR IN PRINCIPLE A REVISION OF THE INTERVENTION SYSTEM, BUT AGREED

THAT TECHNICALITIES MUST BE DISCUSSED IN DETAIL. THE FRENCH ATTACKED THE U.K. VARIABLE PREMIUMS, CLAIMING THEY DISTORT TRADE. ON THE OTHER HAND, COMMISSIONER GUNDELACH FAVORED THE PREMIS AND INDICATED THAT IT MAY BE ADVANTAGEOUS TO APPLY PREMIUMS THROUGHOUT THE COMMUNITY.

C. SUGAR:

THE PROPOSED SUGAR PRICES ARE CONSIDERED TOO LOW BY HOLLAND, IRELAND, BELGIUM, AND GENERALLY FAVORED BY FRANCE, GERMANY

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRUSSE 06875 02 OF 02 081044Z
ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-01 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 /067 W
-----058120 081044Z /11

R 081032Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5923
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS SECTION 2 OF 2 BRUSSELS 06875

USEEC, PASS AGR ELECTRONICALLY, PARIS ALSO FOR USOECD, GENEVA ALSO FOR USMTN

AND DENMARK. ON THE OTHER HAND, U.K. WOULD PREFER A PRICE FREEZE ON THIS SURPLUS COMMODITY. THE PROPOSAL TO REDUCE THE "B" QUOTA OF SUGAR FROM 130 TO 120 PERCENT OF THE BASIC QUOTA S VEHEMENTLY OPPOSED BY FRANCE AND TO A LESSER DEGREE BY BELGIUM, FRANCE AND IRELAND. GERMANY, THE U.K. AND DENMARK APPROVE THE PROPOSED QUOTA REDUCTION, WHILE ITALY, ON THE OTHER HAND, CALLED FOR A REVISION OF ITS QUOTA AND AN INCREASE IN SPECIAL SUBSIDIES PAID TO ITALIAN SUGAR BEET PRODUCERS. DURING THESE DISCUSSIONS, THE U.K. STRESSED STRONG OPPOSITION TO THE USE OF EXPORT SUBSIDIES AS A MEANS OF DISPOSING OF SURPLUS SUGAR. SILKIN POINTED OUT THAT SUBSIDIES MERELY TRANSFERRED RESOURCES OUTSIDE THE COUNTRY AND RECOMMEND THAT SOME ACTION BE TAKEN TO SCALE DOWN SUGAR PRODUCTION CAPACITY IN THE EC.

D. GRAINS:

BRIEF DISCUSSIONS OF THE PROPOSED GRAIN PRICES PROVOKED MINIMAL REACTION. GERMANY IS IN FAVOR OF AN INCREASE IN THE PRICE FOR RYE. ACCORDING TO UK MINISTER SILKIN,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 06875 02 OF 02 081044Z

FRANCE REQUESTED AN EVEN LOWER INCREASE IN GRAIN PRICES THAN PROPOSED BY THE COMMISSION.

4. HOPS: THE COUNCIL TOOK NOTE OF THE COMMISSION REPORT ON THE HOP SITUATION (REF. B) AND APPROVED IN PRINCIPLE PRODUCER SUBSIDIES FOR HOPS FOR THE 1977 HARVEST. THE SUBSIDIES FOR AROMATIC AND BITTER VARIETIES WERE INCREASED SLIGHTLY OVER THOSE PROPOSED (REF. C). THE NEW SUBSIDIES ARE AS FOLLOWS IN U.A./HA.: (A) AROMATIC, 375, (B) BITTER, 285, AND (C) OTHER, 500. THE COUNCIL WILL MAKE A FINAL DECISION ON THE MATTER AFTER RECEIVING AN OPINION FROM THE EUROPEAN PARLIAMENT.

5. MEDITERRANEAN AGRICULTURE: THE COUNCIL'S BRIEF DISCUSSION OF THE PROPOSED MEDITERRANEAN REFORM MEASURES (REF. D), DID NOT PROVOKE TOO MUCH REACTION FROM ANY MEMBER STATES, EXCEPT FRANCE, ITALY AND THE U.K. AS MENTIONED ABOVE, THE FORMER COUNTRIES LINKED THEIR APPROVAL OF THE PRICE PACKAGE WITH COMPLETION OF THE MEDITERRANEAN REFORM MEASURES. ITALIAN MINISTER MARCORA APPEARED LITTLE CONCERNED AT THIS STAGE AS HE LEFT THE MEETING LONG BEFORE IT ENDED. THE U.K. VOICED STRONG CONCERN ABOUT THE COST OF THE PROPOSED MEASURES AND ITS OPPOSITION TO INCREASES IN REFERENCE PRICES FOR FRESH FRUIT AND VEGETABLES. SILKIN ALSO ADVISED THE COUNCIL AGAINST APPLYING REFERENCE PRICES TO PROCESSED FRUIT AND VEGETABLES AND SUPPORTED ELIMINATION OF THE MINIMUM IMPORT PRICE SYSTEM FOR TOMATO CONCENTRATES.

6. AGRIONETARY: AS EXPECTED, U.K. MINISTER SILKIN (SUPPORTED BY FRANCE AND ITALY) AGAIN PRESSED THE COMMISSION FOR PROPOSALS WHICH WOULD REVISE THE METHOD OF CALCULATING MONETARY COMPENSATORY AMOUNTS ((CA'S), PARTICULARLY THOSE APPLICABLE PORK. COMMISSIONER GUNDELACH PROMISED SUBMIT PROPOSALS TO THE COUNCIL ON THIS MATTER BEFORE THE NEXT MEETING. THE COMMISSIONER
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 06875 02 OF 02 081044Z

SIONER ALSO ADVISED THE COUNCIL THAT THE REFERENCE PERIOD FOR FIXING MCA'S WOULD AGAIN BE UNDERTAKEN ON A WEEKLY BASIS INSTEAD OF A THREE-WEEK PERIOD, WHICH WAS IN EFFECT DURING MARCH (REF. D).

7. U.K. MILK MARKETING BOARD: ACCORDING TO U.K. MINISTER SILKIN, COMMISSIONER GUNDELACH MADE AN HATIC STATENT ON IHE EFFECTIVENESS OF THE U.K. MILK MARKETING BOARD (REF. F). THE ONLY CONCERN EXPRESSED BY MEMBER STATES S FEAR OF SUCH A MEASURE LEADING TO A TRADE DISTORTION. THE COUNCIL REFERRED IHE MATTER TO THE SPECIAL COMMITTEE ON AGRICULTURE TO UNDER-TAKE A STUDY TO IDENTIFY ANY POSSIBLE TRADE DISTORTIONS WHICH MAY OCCUR IF SUCH A SYSTEM WERE IMPLEMENTED IN THE COMMUNITY.

8. PRODUCTION SUBSIDIES FOR PRODUCTS PROCESSED FROM GRAINS AND RICE: THE COUNCIL BRIEFLY DISCUSSED THE COMMISSION PROPOSAL TO REINTRODUCE PRODUCER SUBSIDIES FOR CORN GROATS AND MEAL AND BROKEN RICE FOR BREWING (REF. G). THE SPECIAL AGRICULTURAL CONSIDERATION AT THE NEXT MEETING.

9. PRODUCER GROUPS: THE COUNCIL BRIEFLY TOUCHED ON THE COM-MISSION'S PROPOSAL CONCERNING THE ORGANIZATION OF PRODUCER GROUPS IN CERTAIN REGIONS OF THE COMMUNITY. THE PROPOSAL OUT-LINES MEASURES FOR ORGANIZING PRODUCER GROUPS IN ITALY, BELGIUM, AND FRANCE. HOWEVER, OTHER MEMBER STATES HAVE EXPRESSED INTEREST IN THESE MEASURES BEING EXTENDED TO ADDITIONAL COUNTRIES.

10. OTHER ISSUES:

SHEEPMET: COMMISSIONER GUNDELACH OUTLINED HIS RECENTLY RELEASED PROPOSAL ON SHEEPMET (REPORTED BY AIRGRAM) BUT NO DISCUSSION WAS HELD ON THE MATTER.MORRIS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRICES, PRICE FIXING, FOREIGN MINISTERS MEETINGS, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE06875
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780152-0438
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780478/aaaacogb.tel
Line Count: 250
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d9b4aab3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 3829, 78 BRUSSELS 4693
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3031151
Secure: OPEN
Status: NATIVE
Subject: EC COUNCIL OF AGRICULTURAL MINISTERS 1978/79 PRICE-FIXING REVIEW, APRIL 4-5, 1978
TAGS: EAGR, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d9b4aab3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014